

of Prussia was 181,635,305 marks (\$45,000,000) in 1867, 242,-502,653 marks in 1869, 432,799,730 marks in 1872 and 487,-020,519 marks in 1874. The circulation of the Bank of Prussia on the latter date was 838,422,000 marks, making a total bank-note circulation for all the states of Germany of 1,325,442,519 marks (\$320,000,000). The banks showing the largest circulation in 1874 were those at Dresden, 99,727,-440 marks ; at Mannheim, 51,901,428 marks ; at Darmstadt, 46,327,015 marks ; at Frankfort, 45,208,833 marks; at Leipzig, 28,464,069 marks; at Stuttgart, 25,477,028 marks; and at Meiningen, 24,000,000 marks.

The narrow limits of many of the German states and their commerce with each other led to the mutual circulation of their bills in spite of the absence of any legal tender quality even within the limits of the state where they were issued.<sup>1</sup> The banks of some of the smaller states took advantage of the wide circulation of their bills, and the lack of requirements for prompt redemption, by swelling their issues and by various artifices for getting the notes into circulation at distant points. Though legally redeemable in coin on demand, the small denominations of the notes and the difficulty of getting them to the counters of the issuing banks threatened to create a practically irredeemable and redundant currency, which would expel coin and bring the country to a paper basis. "They might without difficulty have remedied this abuse/' says M. Courcelle-Seneuil, "by means of a system of mutual exchange and liquidation among the banks themselves, such as is practised in Scotland, and the principal banks had in their hands every power to enforce this exchange upon the banks of the small states."<sup>2</sup> But other means of reaching the difficulty were adopted, and the initiative was taken by Prussia, which passed an

act on May 14, 1855, forbidding the circulation within her limits of for-

<sup>1</sup>The legal tender quality was not given by law to the notes of any of the German banks and was expressly disclaimed by the laws in incorporating the banks of Pomerania, of Frankfort, of Homburg, of Meiningen, and of the United Deposits at Berlin.—Noel, I., 284.

<sup>2</sup> *Traiti des Operations de Banque* ^ 366.